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**VIRGINIA TOBACCO INDEMNIFICATION
AND COMMUNITY REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501
Richmond, Virginia 23219

Special Projects Committee Meeting

Monday, April 24, 2006
11:00 a.m.

Southwest Virginia Higher Education Center
Abingdon, Virginia

CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
Richmond, Virginia 23230
Tel. No. (804) 355-4335

1 **APPEARANCES:**

2 The Honorable William C. Wampler, Jr., Chairman

3 The Honorable Allen W. Dudley, Vice Chairman

4 Mr. Thomas W. Arthur

5 The Honorable Terry G. Kilgore

6 Mr. Jordon M. Jenkins, Jr.

7 Ms. Minnie B. Lane

8 Mr. H. Ronnie Montgomery

9 Ms. Jody Wagner

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11 COMMISSION STAFF:

12 Mr. Ned Stephenson, Acting Executive Director

13 Mr. Timothy J. Pfohl, Grants Program Administration Manager

14 Ms. Britt Nelson, Grants Program Administrator - Southside Virginia

15 Ms. Sara Griffith, Grants Program Administrator - Southwest Virginia

16

17 OFFICE OF THE ATTORNEY GENERAL:

18 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the
19 Commission

20 Ms. Stephanie Hamlett, Office of Attorney General, Bond Counsel

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1 SENATOR WAMPLER: Good morning. The
2 Special Projects Committee of the Tobacco Commission will come to order.
3 I'll defer immediately to our Executive Director, Mr. Ned Stephenson, to call
4 the roll.

5 MR. STEPHENSON: Mr. Arthur?

6 MR. ARTHUR: Here.

7 MR. STEPHENSON: Vice Chairman Dudley?

8 DELEGATE DUDLEY: Here.

9 MR. STEPHENSON: Delegate Kilgore?

10 DELEGATE KILGORE: Here.

11 MR. STEPHENSON: Mr. Jenkins?

12 MR. JENKINS: Here.

13 MR. STEPHENSON: Ms. Lane?

14 MS. LANE: Here.

15 MR. STEPHENSON: Mr. Montgomery?

16 MR. MONTGOMERY: Here.

17 MR. STEPHENSON: Secretary Wagner?

18 SECRETARY WAGNER: Here.

19 MR. STEPHENSON: Senator Wampler?

20 SENATOR WAMPLER: Here.

21 MR. STEPHENSON: Mr. West?

22 MR. WEST: (No response.)

23 MR. STEPHENSON: We have a quorum, Mr.
24 Chairman.

25 SENATOR WAMPLER: Very good. I notice

1 everyone stayed awake last night in reading the Minutes. I'd ask if anyone
2 who has read the Minutes wishes to adopt the Minutes in the form of a
3 motion, and I'll entertain such motion.

4 It's been moved and seconded that the Minutes as presented be
5 adopted. All in favor signify by saying aye? (Ayes.) Opposed, no? (No
6 response.) The ayes have it. The Minutes are adopted.

7 Next we have Ned or Tim to give a presentation with regard to
8 where we might be with our cash.

9 MR. STEPHENSON: Members of the Committee
10 and Mr. Chairman, we have a slide on the wall here, just to give you an
11 indication of our point of beginnings here today. You can see the balances
12 that are available are before you and the demand we have in terms of
13 requests today. You can see the difficulty of decisions that the Committee
14 will face today in making these approvals, but this is where we are to start.
15 Your Staff will maintain a running tally for you on the screen, which you
16 may have to turn around to see that.

17 Lastly, as I told the Chairman in the hallway, we have 40
18 applicants today and two hours to do that, and by my math that's three
19 minutes apiece, so we have a lot of work to do.

20 Mr. Chairman.

21 SENATOR WAMPLER: I would also observe, if
22 my memory is correct, that the balances you show on the screen behind us
23 are those that will be subject to the full Commission either amending and/or
24 approving at our next meeting this coming Thursday.

25 MR. STEPHENSON: That is correct.

1 SENATOR WAMPLER: Having said that, are
2 there any questions from the Committee members so far? Let me say to
3 those in the audience it would be the intent of the Chair, with the Committee
4 members and others concurring, that we'll now defer to Tim Pfohl of the
5 Staff to go over the projects as presented, and he will give a description that
6 is hopefully consistent with what is presented to the Committee members.
7 The Committee would ask questions of Staff starting with number one and
8 go through the last application. At which time, then, we would take up
9 motions concerning Staff recommendations and other matters that may come
10 before us. Is that satisfactory to the Committee members?

11 MR. ARTHUR: Mr. Chairman, being a new
12 member to this Committee, I didn't get a spreadsheet.

13 SENATOR WAMPLER: We'll get that copy to
14 you, Tom. For those in the audience, Mr. Tom Arthur is also on the
15 Executive Committee and has served with the Commission as a member for
16 a long time, and we asked that he be placed on the Special Projects
17 Committee, and that was done so on Thursday of last week. So, Tom,
18 welcome, look forward to your expertise.

19 Tim.

20 MR. PFOHL: I'm going to ask Britt to advance the
21 slide.

22 SENATOR WAMPLER: Can you all hear Mr.
23 Pfohl satisfactorily in the back there? All right.

24 MR. PFOHL: I want to very quickly touch on the
25 program objectives for the Special Projects, and we're going to bring this up

1 on the Power Point momentarily. Let me preface that by saying that today
2 your Committee is dealing with the stack of requests right next to me here
3 that are 50 percent higher in dollar amount and 100 percent larger in number
4 than the Committee has previously seen. There are a number of reasons for
5 that increase in volume of demand requests.

6 One is that the Commission's Economic Development Grant
7 Program will now be restricted to capital projects, using proceeds from our
8 securitization funds. Special Projects, considering the regional requirements
9 that there are not enough funds in other Commission programs such as some
10 of the applicants today that you have before you, do not have sufficient
11 Southside Economic Development allocation to make a project happen.
12 You'll hear that repeated a couple of times today.

13 For some this is the only hope from the Commission this year.
14 For example, there was a competitive Education round this year, and we
15 have some requests that are here by virtue of that factor. Some are here
16 because they've been turned down in other Commission programs, and some
17 are here because we have some objectives that I would suggest are
18 somewhat in conflict, and we're going to ask you to deal with those in the
19 near future.

20 Britt, next slide. The Committee and Commission in October
21 of 2003 adopted these guidelines for the Special Projects Committee.
22 You've got that handout in front of you. I won't read all of these, but I do
23 want to draw your attention to the underlying sentences. The eligible
24 activities for Special Projects includes research, marketing,
25 entrepreneurship, development, and non-traditional or non-basic economic

1 development projects and activities. That includes housing, recreational and
2 cultural opportunities.

3 There are regional requirements that projects that are eligible
4 for other sources of funding from Economic Development, Technology
5 programs, Agribusiness, et cetera, should not be here unless the proposal
6 involves active financial participation from three or more tobacco regional
7 localities. That's the regional requirement I mentioned a minute ago.

8 On the next side, subsequently, in January of this year, the
9 Executive Committee and then the full Commission adopted a list of so-
10 called low priorities, and these are projects that we consider to be arguably
11 non-traditional economic development, in many cases non-basic, and I think
12 in a lot of folks' minds represents Commission creep for us in taking us away
13 from our core function to revitalize the economy of the tobacco region.

14 This is basically a long list of requests that have come to the
15 Commission over the last couple of years, community centers, wellness
16 centers, childcare facilities, retail development, arts, cultural, revitalization
17 projects, studies for certain uses, including but not limited to housing,
18 recreation, healthcare, libraries, public safety and so forth.

19 If you'll look back at the last slide, the objectives for Special
20 Projects that were adopted three years ago, and compare this list of low
21 priorities, you have some fundamental conflict.

22 Next slide, please. What we're going to suggest to the
23 Committee is three things. Please remember to incorporate those low
24 priorities in today's decision, and those were adopted by the Commission in
25 January, and they are in effect now. We're going to suggest that the

1 Committee reconvene, perhaps in July, so we can resolve some of the
2 conflicting language in the program objectives and in low priorities. We're
3 going to ask that you consider scheduling another application deadline for
4 November 1. As you probably recall, this is the Commission's only open
5 submission grant program, and we asked folks to get us requests by March 1
6 so we would have ample time to get them in your hands and conduct a
7 review before this meeting today. We're asking that you consider a
8 November 1 deadline so we can look at the requests and provide program
9 objectives in the summer and then have folks come in, in the fall, for a
10 subsequent round of funding.

11 With that, we're ready to launch into the list of 40 requests that
12 we have here today.

13 I hope everyone has a packet that was sent to you a little over a
14 week ago and has a brief summary of each request. It summarizes the other
15 sources of funding that are there and has Staff comments and
16 recommendations for each one of the projects. You have received the
17 principal pages of each applicant's proposal. Basically what we do is we
18 send the first five or six pages that summarizes the project, but since you do
19 have those summaries, Mr. Chairman, I'll just very briefly touch on those. In
20 the interest of time, I'll start off in alphabetical order.

21 Abingdon Continuing Care Community, Inc., non-profit, is
22 seeking 250,000 for project design and marketing for a continuing care
23 retirement community located in this region of Abingdon and Washington
24 County for Southwest Virginia and beyond. The proposal is partially design
25 money that's eligible for the balance of restricted funds that you have

1 available today, that Ned mentioned in his slide. A portion of it would be
2 eligible for unrestricted funds, marketing costs, specifically.

3 If you have any questions for the applicants, please stop me;
4 otherwise, I'll keep moving down the list.

5 The Town of Abingdon has requested 1.5 million dollars for the
6 Southwest Virginia Artisan Center. That's a project that has some other state
7 funding already secured. It will be built on a hillside right above this
8 building. It is being designed conceptually by a regional group called the
9 Southwest Virginia Artisan Network. That is a group that the Commission
10 did provide some Special Projects funding to help them come together.
11 They have been meeting periodically to outline the function of this Artisan
12 Center, as well as to design the space, and so forth. At this point that group
13 has recently incorporated as a non-profit, and they are waiting to get a letter
14 from the IRS saying that the Artisan Group is a non-profit applicant and
15 have a potential to work directly with that network right now.

16 Staff has suggested we assist them with project design costs for
17 architectural and engineering.

18 SENATOR WAMPLER: Tim, that's probably a
19 good example of where the applicant requested more funds than the Staff
20 recommends, simply because they're not ready to go with the full amount.
21 Another way of saying it is that perhaps at a later date they can reapply to
22 finish up the project when Governor Kaine or the General Assembly says
23 this is something that we think ought to receive full funding. Is that a fair
24 statement?

25 MR. PFOHL: Yes. The next project is Amelia

1 County, and this is an example of an applicant coming to us because their
2 Southside Economic Development allocation is not sufficient to complete
3 the financing for this project. This will be a workforce training center, and
4 it's the reuse of a vacant former school in Amelia. It's done in partnership
5 with the John Tyler Community College, which is serving the tobacco region
6 but is not eligible for a Tobacco Commission allocation through our
7 Education Committee.

8 Staff has suggested we fund construction to the extent that their
9 allocation could not accommodate this request, and so we're recommending
10 a partial award. Then they can come back with an Economic Development
11 allocation. I believe the applicant is agreeable to that solution.

12 SENATOR WAMPLER: Mr. Arthur, I see that will
13 be matched by the Southside Economic Development Committee, should we
14 decide to go forward with that, is that correct?

15 MR. ARTHUR: Yes.

16 MR. PFOHL: The Blue Ridge Foundation, which
17 is a non-profit, seeking funding of \$1,000,000 to make improvements to the
18 Virginia State Center for Blue Ridge Folklore in the Ferrum area. Much of
19 their facilities or historic properties are located on one side of Route 40, and
20 they want to bring those over to the opposite side of Route 40, next to the
21 modern building and display spaces that they have there. They're vacating
22 the site that they're currently on, and that will allow them to do some much-
23 needed renovations on the historic properties that they have, and that will
24 free up the current location for commercial and retail development.

25 The Staff is suggesting we assist them with beginning to prep

1 the site that they want to move in, they want to move those historic buildings
2 to.

3 Blue Ridge Public Television is requesting 1.784 million for a
4 variety of improvements to continue to bring their system up to digital
5 standards mandated by the federal government, as well as provide some
6 facilities in the tobacco region school districts so they can make available
7 on-line programs and on-demand programs for use in the schools. This is an
8 example of a large request that breaks down into a substantial portion of
9 costs that are eligible for restricted funds, almost 1.57 million. This would
10 have to come from unrestricted funds, which is about 215,000 of this
11 request.

12 SENATOR WAMPLER: Any questions? Keep
13 going.

14 MR. PFOHL: Brunswick County
15 Entrepreneurship Center. This is a project that was initially submitted to the
16 Southside Economic Development Committee, and they're requesting 1.03
17 million dollars to renovate a former school and basically have two functions
18 there, a commercial kitchen incubator and skill center for woodworking
19 training.

20 Staff has been working with the county to help them find
21 similar examples, commercial kitchens which they have visited, and we're
22 encouraging them to come back to us with an operational feasibility plan and
23 some committed funding sources that are not yet in hand, and an Economic
24 Development allocation is available.

25 In Buckingham County, this is a project that competed

1 unsuccessfully for Southside Economic Development allocation. The
2 Executive Committee sent this proposal over to your Committee. It does not
3 meet the regional requirement of multi-locality participation, but the
4 Executive Committee asks that you look at this without any prejudice toward
5 that regional requirement. Subsequently, since the request was received,
6 they have obtained a loan commitment through the Virginia Resources
7 Authority that covers the entire project costs, so we felt like it appeared that
8 an award from the Commission did not seem necessary in this case.

9 SENATOR WAMPLER: Is there an existing or a
10 prospective industry that will come to the park if we do this?

11 MR. PFOHL: They have a park that they are
12 marketing, but I'm not aware of any existing project.

13 SENATOR WAMPLER: It's been our practice that
14 we normally wait until there is a live prospect that this would help close the
15 deal, and we'd try to fund those projects.

16 MR. PFOHL: Central Virginia Community
17 College Educational Foundation, Inc. We did receive a revised statement
18 that made it clear. This is a project that probably could have come in
19 through one of those other doors, the competitive Education round, and we
20 don't have one of those rounds this year because of the way the budget is
21 allocated. So they come to the Special Projects Committee to establish a
22 dental hygiene program. The program will be conducted in partnership with
23 Virginia Western Community College. This is actually to purchase
24 equipment so that they would have a clinical facility and they could bring in
25 the distance training program from Virginia Western Community College

1 over the distance learning mechanisms and then have an actual clinical
2 laboratory for the hygiene participants.

3 The Corporation for Jefferson's Poplar Forest, a non-profit
4 applicant. Jefferson's retreat home is located in Bedford County in our
5 tobacco region. This program is to assist with debt retirement on some land
6 that was purchased contiguous to the Poplar Forest historical site. This
7 would provide an entrance road. The vision for the Poplar Forest Board is to
8 build a retreat conference center on that land. They purchased the land a
9 little over a year ago, and they have a half million-dollar challenge grant that
10 the clock is ticking, and they have until December of this year to secure
11 500,000 and match that challenge grant.

12 We're suggesting that we help them for a portion of that match.

13 SENATOR WAMPLER: They have raised 1.7
14 million and still have to raise 557 thousand.

15 MR. PFOHL: They have raised a substantial
16 portion of the costs, and the Executive Director is here, and perhaps she can
17 help clarify that, as far as where they are and just what the status is.

18 SENATOR WAMPLER: The answer to that
19 question is that if we were to allocate \$300,000, that would be used as part
20 of what you have to raise as your challenge or your match?

21 MS. BEEBE: Six hundred fifty thousand by
22 December, and the three hundred thousand would go toward that. If we
23 raise the full 650 by December, then the challenge grant from the
24 Foundation will kick in.

25 SENATOR WAMPLER: I read it twice this

1 morning, and I was a little confused, but that clarifies it; thank you.

2 MS. BEEBE: 1.3, and then add, 650 still needed.

3 SENATOR WAMPLER: Thank you, very much.

4 MR. PFOHL: The Crater Regional Partnership is
5 back with us working for the Skill Streams for Success program and
6 workforce development program, and that is administered by the WorkKeys
7 Assessment System and provides a Virginia work readiness certificate for
8 those that successfully complete the program. This is a project that has been
9 to us multiple times in the past, and they've received four grants. They're
10 asking for your consideration because this is a region not served by a
11 community college allocation. Again, the John Tyler service area, but it is
12 for the tobacco region counties that are served by this program.

13 The Crooked Road, Virginia's Heritage Music Trail, is with us
14 again. The Commission has given a couple of awards to help them initiate
15 their marketing and initial wayside listening posts that they're in the process
16 of constructing. Right now they're asking for additional funds to do up to 25
17 new wayside listening posts throughout the tobacco region. They're asking
18 for funds for events, tours, marketing and other operational aspects. They
19 have some upcoming events that will provide some opportunities to reach
20 some new markets.

21 Cumberland Plateau Planning District is here, the Appalachian
22 Authors Guild Associates, online bookstore. This is a request for \$25,000,
23 and those will be operational funds primarily for some hardware and
24 computer needs to assist them with their network with the Appalachian
25 Regional Authors. It actually covers 13 states, and right now they have a

1 membership of between a hundred to a hundred and fifty authors, and they're
2 looking to increase their membership and book sales with assistance from
3 these operating funds.

4 City of Danville - Klaff Brownfield Parking Lot Project. It's a
5 project in which there is a four-acre riverfront Brownfield parcel that
6 Norfolk Southern is willing to turn over to the City. There are some
7 Brownfield environmental issues there concerning the parking surface that
8 will support some adjacent uses. These are office and business uses. You
9 may remember that there was a project a couple of years ago that was
10 located adjacent to this site, as well as some new apartment and
11 condominium development and recreational trails and venues for the City of
12 Danville.

13 MR. ARTHUR: May I defend this particular
14 project right here?

15 SENATOR WAMPLER: We're always willing to
16 hear your comments.

17 MR. ARTHUR: This particular project, Mr.
18 Chairman, would ordinarily be done under Economic Development. As you
19 know and heard last week, we are having to do some regional thinking, as
20 far as financing is concerned. In this money they were asking for, they
21 picked the worst title they could have possibly come up with, and that is of a
22 parking lot. Obviously, we don't build parking lots, but the real word here is
23 the EPA requirements down on the river. As I grew up, there was a junkyard
24 there, and that makes it impossible to use part of that ground without doing
25 some environmental work. The only way they can approve to do it is pave it

1 over. The parking lot is a secondary benefit clearly, because Dibrill Brothers
2 Corporate headquarters and all is right in there. To continue the economic
3 development of the warehouse district, this EPA problem needs to be solved,
4 and they've done it in a very unique way.

5 I think we should at least reconsider this one, because they're
6 using their Economic Development monies that they got. They did a million
7 one, but we take a million right off the top for the Institute, and that only
8 leaves about \$180,000. They're willing to commit some of their future
9 Economic Development money, but they need to get the project started. In
10 the funding they've already asked for they included this year's Economic
11 Development money. So I would ask that because of the urgency to move
12 forward here we consider this project on a dual spending method.

13 DELEGATE KILGORE: As we go through these
14 projects, will we be able to go back and re-look at some of these?

15 SENATOR WAMPLER: Yes, if that's acceptable.

16 MR. ARTHUR: I didn't know when the defending
17 period was, that's why I spoke up.

18 DELEGATE KILGORE: I have not defended
19 some, either.

20 SENATOR WAMPLER: Tim, there were two
21 other requests from the Institute located in Danville that are regional in
22 scope. One was the VIPER request, and the other one is that if the
23 Committee wishes to take action on the bio-diesel piece. Tom, that went
24 into the mix, and Staff can speak for themselves, but I think that was the
25 reason why we tried to blend it across the board, but the Committee operates

1 on a motion. There is always a chance to take up those at the appropriate
2 time.

3 MR. ARTHUR: Thank you.

4 MR. PFOHL: Floyd County is a project we've
5 been working with the county on for quite a while now. This has been to the
6 Southwest Economic Development Committee and sent over here. The
7 initial Staff recommendation last summer when we were getting ready to
8 come to the Committee in August was that we help them with an existing
9 loan from People Incorporated, which is a loan pool that the Commission is
10 familiar with, and we helped them with a grant to retire that loan and get
11 those dollars back in use.

12 SENATOR WAMPLER: This is a complicated
13 issue, and I don't know what we're going to end up doing. Pay particular
14 attention to this one, because it took me about 30 minutes on the telephone
15 trying to understand it.

16 MR. PFOHL: Briefly, Chateau Morrisette does
17 not have adequate fire protection for their investment on the Blue Ridge
18 Parkway. The winery went ahead and built a water system on the land, or
19 built it on their land, and built two storage tanks, one for potable water and
20 one for fire protection. The system is up there, in place, it's operating. The
21 proposal is for the county to purchase that water system from the winery.
22 The winery now values that system at over 400,000 and is unwilling to let go
23 of it for anything less than that, which is a very big investment in the project.
24 They're actually at a crossroads, and it looks like the acquisition costs now
25 would be in excess of \$400,000.

1 SENATOR WAMPLER: Who would it serve?

2 MR. PFOHL: Principally the winery, and there are
3 a handful of adjacent residences. Eventually, it could be expanded, and
4 there's been conversation about doing a tourism visitor center on the
5 Parkway nearby. If that comes to pass, then it's likely that this system would
6 provide water from the tourism center and expand it.

7 SENATOR WAMPLER: The legal structure at the
8 moment, it's a private system now, and if it had additional capacity, then
9 we'd have to find a way to get into a user agreement or turn it into new
10 ownership?

11 MR. PFOHL: Yes. It's an operating system
12 operating right now. I think we would suggest that when the need arises to
13 expand that system, perhaps it might be time for the Commission to be
14 helpful in making that happen.

15 Franklin County, Commerce & Leisure Services is requesting
16 \$60,000 to assist in the development of a whitewater recreation park that
17 will be created when a power dam, when a failing hydro-electric power dam
18 is removed. That work is under way with federal dollars to get that power
19 dam out of there, and when the river is restored to its natural flow there is
20 an opportunity to create this whitewater park, and it will be a tourism
21 attractor in the tobacco region adjacent to the Pigg River.

22 Staff has suggested that it would be helpful to design a
23 feasibility work, take a look at the park as to how it could be created and
24 what opportunity exists.

25 SENATOR WAMPLER: Any reason why you're

1 stuck on \$30,000?

2 MR. PFOHL: There seem to be some biological
3 fisheries expenses in here that are related more to the restoration of the
4 natural flow of the river, and we felt that was directly part of making the
5 whitewater park happen.

6 SENATOR WAMPLER: There was nothing
7 magical about the \$30,000 amount, plus or minus?

8 MR. PFOHL: Yes.

9 DELEGATE DUDLEY: If I remember the overall
10 project cost, it was 500,000.

11 MR. PFOHL: I think that is still somewhat up in
12 the air, and that is something that will be determined by the work that they're
13 asking for right here. What the costs will be of constructing this facility, I
14 know it's estimated to be in the \$300,000 ball park, and that's excluding the
15 cost of removing the hydro dam.

16 Future of the Piedmont Foundation, and that's the first of what
17 we'll call a substitute applicant. The request is for the Virginia Institute for
18 Performance Engineering and Research, or VIPER. It's a vehicle dynamics
19 program and involves purchasing some equipment and getting established at
20 the Institute in Danville, as well as the Virginia International Raceway in
21 Halifax County. It's a substantial request of 2.355 million dollars, and it's
22 another one where there's a significant component that's eligible for
23 restricted funds and a significant portion of unrestricted funds. In order to
24 make an award of restricted funds from your securitization funds, the
25 original applicant, which was the Institute itself, would not have been an

1 eligible applicant for restricted funds.

2 The Staff is suggesting that another eligible applicant might be
3 provided. The Future of the Piedmont Foundation stepped up and is now
4 our applicant of name, of record, on this request. They would be eligible as
5 a non-profit foundation to receive the restricted funds. Staff has
6 recommended we help them get out of the gate with the first year costs, and
7 would have to be treated, for bookkeeping purposes, as two awards. One
8 would be restricted funds and one award of unrestricted funds for operating
9 costs.

10 It's a little complicated, but I'll be happy to explain it, if need
11 be.

12 DELEGATE KILGORE: The total would be
13 what?

14 MR. PFOHL: 1.36 million dollars and change,
15 1,362,500.

16 Goodwill Industries of Danville is looking to purchase a
17 building that Dan River Inc. is willing to sell. They're requesting 500,000
18 from the Commission. Dan River has set the price of the building as
19 750,000, and willing to donate 250,000 toward the purchase. It will allow
20 expansion of Goodwill's services, and it will allow them to build additional
21 outlet centers throughout the Southside tobacco region.

22 Next is the Halifax County Department of Tourism. They are
23 the applicant for a regional partnership that's calling itself Southern Virginia
24 on the Move. It's a tourism coalition of Bedford City/County, Danville,
25 Halifax County, Martinsville and Henry County, Clarksville and Pittsylvania

1 County, in addition with the Berry Hill Plantation Resort and Virginia
2 International Raceway.

3 This is an outgrowth of some events of the Virginia Tourism
4 Corporation. One of the principal findings was that there was a need for a
5 tourism coalition and marketing efforts across Southside Virginia. This is
6 the first initiative that has been brought to us as a result of that. Specifically,
7 these folks are looking to come together to be partners in the Godspeed Sail
8 to six major eastern U. S. ports throughout the summer of this year. That's to
9 get the word out about Jamestown 2007, as well as doing some initial
10 marketing efforts for this new partnership.

11 SENATOR WAMPLER: Sometimes we evaluate
12 how our marketing efforts are being done; how would you evaluate this one?

13 MR. PFOHL: Part of the request is to do some
14 analysis, industry standards, and take and look at how many folks have
15 requested money and how many actually follow through and visited
16 Virginia. There'll be a conversion study. We have some applicants that use
17 some very conservative market penetration capture rates. Maybe one
18 percent of the people that step on the Godspeed in New York would actually
19 end up in Virginia. In these studies some of this can be translated where
20 we'd have a return on investment numbers.

21 Hampton Roads Maritime Association is requesting 833,550 to
22 initiate some port trucking and trade expansion training. This is an effort of
23 some partnership meetings that we had directed at the Virginia Port
24 Authority. Some of you may have participated in the conference that was
25 held at the Berry Hill Plantation concerning the Port Authority and

1 expansion opportunities. The Port Authority came in with the Maritime
2 Association and said what the Commission could help with is to expand the
3 number of truck drivers that serve port traffic. We're told now that the Port
4 of Virginia is turning away traffic because of the lack of truck drivers to
5 move goods in and out of the port.

6 This request would specifically allow expansion of the
7 Southwest or Southside Virginia Community Truck Driver Training
8 Program. That currently operates in Blackstone and South Boston, and it
9 would allow them to do some additional training in Blackstone, as well as
10 create a new facility in Emporia. It would bring on staff that would start
11 working with other community colleges in the tobacco region. It would alert
12 them for the opportunities to expand the curriculum for truck driver training,
13 new curriculum that would be developed on port security, operations and so
14 forth. They want to expand the training of truck drivers, and they propose to
15 get out and work with other community colleges and encourage them to
16 adopt a truck driver training program.

17 SENATOR WAMPLER: Do you know if any of
18 the Workforce Investment Board or if any of the Employment Commission
19 dollars have been targeted here but just haven't had penetration?

20 MR. PFOHL: I'm not aware of those dollars
21 specifically being put to use on this project right now. I think that's one of
22 the things the coordinators of this program are encouraged to have. The
23 Staff has had a conversation with the Maritime Association. Their folks
24 have said there are some other sources of matching funds brought to the
25 table.

1 SENATOR WAMPLER: This is probably an
2 example of where a policy question of what degree of participation should
3 we actually engage in. This is something that Governor Kaine now has at
4 his discretion through Workforce training activity. I don't have a prejudice
5 one way or the other, but I think it's something we ought to pursue and be
6 concerned about.

7 DELEGATE KILGORE: Tim, how much of the
8 \$400,000 is going to go toward personnel and operations?

9 MR. PFOHL: There are two professional positions
10 that they are proposing to create that would be newly created positions to
11 work throughout our region to encourage community colleges to adopt this
12 curriculum, as well as recruit students for truck driver training. There are
13 actual trainers for Southside Community College, and they could add lights
14 so more people could come to Blackstone. They'll need to hire additional
15 trainers. They'll conduct the classes, as well as create new facilities, and
16 they'll have a contract with people to teach that training. There is additional
17 money for financial incentives. The Maritime Association and trucking
18 companies have been part of this effort. There are a couple of financial
19 hurdles for truck drivers getting into the business for the first time.
20 Insurance costs are very high, and there's some subsidy of insurance costs, as
21 well as tuition and some other financial incentives, to encourage people to
22 get into this training.

23 SENATOR WAMPLER: Did someone have their
24 hand up, or have a question? Would you tell us your name?

25 MS. CARRERA: I'm Michelle Carrera with the

1 Hampton Roads Maritime Association. The VEC is very important and part
2 of the effort, they're important to this effort, but it's not part, it's not really for
3 employees, but mostly it would go for facilities and equipment and
4 expansion. We have an agreement with the VEC locations to help with
5 recruiting and getting people in the pipeline and identifying people that have
6 these skills and abilities. It's important to our future.

7 SENATOR WAMPLER: Delegate Dudley.

8 DELEGATE DUDLEY: When you say expansion,
9 is this the same program that is receiving state funding now at one of the
10 Army bases?

11 MR. PFOHL: Actually, yes. The Southside
12 Community College has a truck driver training program at Fort Pickett, and
13 that's been very successful. The improvements at Pickett would be to add
14 lights on their truck driver training range so that they could offer classes at
15 night. That's what they're asking for at that site. They're limited to daytime
16 now.

17 SENATOR WAMPLER: Any questions or
18 comments?

19 MR. PFOHL: Lake Country Development
20 Corporation is asking for 75,000 for Tier II Regional GIS Services. They
21 requested 75,000, and that'll be for computer hardware and software and
22 staff time to implement this collection and storage and availability of
23 additional layers of digital data to seven existing industrial parks in Halifax,
24 Mecklenburg and Brunswick Counties. We have spoken to the Virginia
25 Economic Development Partnership and the GIS staff, and they

1 acknowledge this could be very valuable information to add to their data
2 base.

3 The LENOWISCO Planning District Commission, and they're
4 the applicant for the Return to Roots program. This initial request of
5 400,000 has been scaled back by the project leadership to just under
6 250,000. This would be to establish a program that would be housed at the
7 Higher Education Center building that you're in. It's for data for people who
8 have grown up in the tobacco region and have moved elsewhere to find
9 employment. When those people are found, they would be prospected to
10 come back to the tobacco region for some existing technology-related jobs
11 that are available that are in the CGI-AMS and Northrup-Grumman
12 announcements in Russell County. Certainly there are a lot of other
13 technical-related jobs in the tobacco region. As I said, General Dynamics is
14 one nearby here that are crying for trained employees, and this is an effort to
15 get that program up and running.

16 In the Staff comments we suggested that 80 percent of
17 documented project costs be reimbursed up to a certain level, and that's
18 because there is no documentation of a required match. This is one program
19 where we do have a required match percentage, and that's generally 20
20 percent of multi-regional projects. So, we're suggesting 80 percent
21 reimbursement to accomplish that 20 percent match requirement.

22 SENATOR WAMPLER: The requested 400, they
23 knocked it down to 249,000 and you recommended 135?

24 MR. PFOHL: Some personnel costs, including a
25 number of student interns, probably could be covered from some other

1 work-study programs and some other sort of funding.

2 SENATOR WAMPLER: Any questions?

3 MR. FLANARY: Mr. Chairman, Ed Whitmore is
4 here and might have some comment. Workforce services provided \$200,000
5 and will provide the documentation, so there is some other money in the mix
6 that's part of the process.

7 SENATOR WAMPLER: The total project cost is
8 how much?

9 MR. FLANARY: It's modified 249,840. Ed is
10 more conversant with that, and I'll ask him to speak to it.

11 MR. WHITMORE: Two hundred forty-nine
12 thousand, we previously had to recruit possibly 30 to 40 thousand kids and
13 try to get them to come back and fill jobs. We're looking for kids that have
14 been gone and realize they left something here and want to come back.

15 SENATOR WAMPLER: Thank you.

16 MR. PFOHL: The Lincoln Theater Foundation,
17 Inc. - Song of the Mountains: A syndicated television project to promote
18 economic development in Southwestern Virginia. It was initiated this past
19 year with a grant of 95,000 from Southwest Economic Development
20 Committee. They have successfully completed the first year and have
21 expanded their partnership to public television in order to offer a second
22 year with more syndication to reach more markets throughout the country.

23 Staff recommended we assist them with some additional
24 operating funds. In light of the fact they got money from us for the first year
25 production, we're making our recommendation.

1 SENATOR WAMPLER: This is not just the Chair
2 speaking, but this is Senator Wampler. Let's hear from the Lincoln Theater;
3 is there anyone here? This is for production costs, and if we reduce the
4 amount, will you have to raise more money, or what will this entail?

5 MR. WHITE: This is Tim White. Basically, we
6 will be reducing the number of shows we did and send out. We were
7 recently picked up by NITA, syndicated nationally. This is a very pivotal
8 point with Song of the Mountains and the Lincoln Theater. Hopefully, we
9 won't be back next year, but this is critical juncture with what we're doing,
10 and especially with national syndication.

11 SENATOR WAMPLER: If I turned it on, I'd find
12 it on Blue Ridge Public Television. If I were in Texas on the national circuit,
13 then perhaps I could see a performance there, is that right?

14 MR. WHITE: Yes, that's exactly right, with the
15 potential of 195 CBS affiliates picking it up nationwide. Right now I
16 understand Tidewater and Richmond have picked it up. If we could get this
17 on across the United States, it would be a tremendous boost for tourism for
18 the tobacco regions.

19 MR. PFOHL: In the spirit of a one-hour
20 production, maybe I'm not giving you the amount of time you need, but the
21 information is in front of the Committee.

22 So, moving onto the Martinsville-Henry County Chamber of
23 Commerce is requesting an Economic Impact Analysis on the Development
24 of U. S. Interstate 75 in Southside Virginia. They are requesting 63,750.
25 The applicant has indicated an award of 42,500 would be adequate for them

1 to get out of the gate on this, especially with matching funds. They have
2 requested matching funds from other partners, also.

3 Mount Rogers Planning District Commission. They have
4 requested previously through another pot of money, the Southwest
5 Economic Development Committee, 700,000 to re-capitalize their existing
6 business loan program. They indicated to us that if they could get a portion
7 of this request they could get back in the lending business.

8 The Staff recommended providing 250,000. They told us they
9 have some additional funds secured already.

10 Mountain Empire Older Citizens. They're requesting 129,500
11 for their Program of All-Inclusive Care for the Elderly, PACE is the
12 acronym. They're requesting funds for architectural and engineering, as well
13 as consultant costs, and they can get a federal designation for this program.
14 They've indicated if they're successful they'll look to some other federal
15 lending sources to put up a structure and have staffing to serve their clients.

16 DELEGATE KILGORE: I have been over to the
17 facility, and it seems to be a great project. I was hoping we could do
18 something here and then do something from Southwest Economic
19 Development Committee later on today.

20 MR. PFOHL: Old Dominion University
21 Educational Foundation requested funds for bricks and mortar expansion
22 project, TELETECHNET program, and that's for three locations, one in
23 Southwest and two in Southside. We notified this applicant that in order to
24 be eligible for restricted funds they needed to give us a non-profit
25 application. They came back to us with an ODU Educational Foundation.

1 Staff is recommending we help them out of the gate with their
2 facility at Southwest Community College and the two they requested for
3 Southside Community College.

4 SENATOR WAMPLER: Do we do this out of
5 Special Projects or out of the Education Sub-Committee? Realizing that the
6 Education Sub-Committee has to be properly capitalized to accomplish that.
7 There was a previous application, which was the dental program at Central
8 Virginia, we can talk about it later, but we can keep it in mind.

9 MR. PFOHL: Piedmont Regional Criminal Justice
10 Training Academy is requesting \$900,000 for an addition on the Henry
11 County Public Safety Center, and they would offer training for police
12 officers from several localities. They are currently training about 650 police
13 officers, deputies and communication personnel. The City of Martinsville is
14 the fiscal agent for this project, or for the academy.

15 The Roanoke River Rails to Trails organization, a non-profit, is
16 requesting \$100,000 to do an economic impact study and a master plan for a
17 multi-locality rail-to-trail portion. The bulk of that request is for physical
18 planning, and ten percent of the cost is for an economic impact study.

19 Scott County Economic Development Authority requested
20 \$10,000 to design and begin to operate a marketing program that would
21 market the new technology assets in the LENOWISCO region. This is a
22 good idea and could be done on a more regional basis. The drawback is at a
23 future time with a regional approach. You'll recall your Committee funded
24 the Southwest Virginia Economic Development Alliance two years ago to do
25 some regional marketing. It seems like a logical vehicle to bring this idea to.

1 Scott County Schools is the applicant on Occupation Insight:
2 Student Career and Financial Planning Program. They're requesting
3 operating funds to take a current classroom version into a Web-based model
4 and apply it to all Scott County juniors and seniors in the coming school
5 year. The applicants envision with Occupation Insight to take it region wide
6 and live nationally in the future.

7 Southside Business Technology Center is requesting 136,216 to
8 expand their reach into several localities in Southside and provide a variety
9 of services to businesses. The Staff is recommending a partial award. We're
10 reducing some operational support.

11 Southside Planning District Commission - Regional Workforce
12 Development Initiative, requesting \$550,000. It's two physical locations
13 they're looking to develop. Three hundred thousand would be added to a
14 variety of other funding resources to complete a two-story addition in the
15 Estes Center in Chase City. That facility currently offers primarily Allied
16 Health training.

17 The second piece of that is the \$250,000 that would be used to
18 purchase the recently vacated BB&T building in South Hill across the street
19 from the Lake Country Advanced Knowledge Center, another facility that
20 the Commission has provided funding for.

21 The Staff has recommended we help them with the Chase City
22 piece, which is very well leveraged under other funding sources and has a
23 good track record of training people throughout Southside.

24 The University of Virginia's College at Wise came to us with
25 their Foundation, which is another one of those substitute applicants, if you

1 will, so that they could be eligible for restricted funds to provide technology
2 infrastructure, and that is a \$550,000 request.

3 The VA Foundation for Agriculture, Innovation & Rural
4 Sustainability, or VA SPAREC, is the non-profit arm of the Virginia Farm
5 Bureau Federation, and they are the substitute applicant for Virginia Tech,
6 and a request for design work for an expansion of the Southern Piedmont
7 Agriculture Research and Extension Center in Blackstone.

8 The Virginia Minority Supplier Development Council has been
9 in front of the Committee last August and is asking for \$180,000 to expand
10 an operational reach into both tobacco regions in Southwest and Southside,
11 and has a current field office in Staunton.

12 The Virginia Museum of Natural History Foundation is
13 requesting \$350,000. This is to assist with the new facility that is being built
14 in Martinsville.

15 The Virginia Tech Foundation is a substitute applicant for
16 Virginia Tech on a Bio-based Energy and Product Research and
17 Development Center, and it's a 2.333 million-dollar request. It also falls into
18 the category of substantial restricted eligible activity, 1.3 million roughly as
19 capital expenses that would go for restricted funds.

20 The unrestricted component of the request operating funds
21 would be 1.2 million, roughly.

22 SENATOR WAMPLER: What was the first year
23 operating, can you determine what the first year costs are of that particular
24 project?

25 MR. PFOHL: The applicant has responded to us

1 with a proposal that breaks out the operating costs for year one versus year
2 two. Also, prioritizes the components in their requests, and we can discuss
3 that.

4 SENATOR WAMPLER: I just wanted to make
5 sure you had that.

6 MR. ARTHUR: Mr. Chairman, do we still just
7 fund the first year of operations, is that still the restriction? It used to be that
8 way.

9 SENATOR WAMPLER: The short answer is, we
10 can do whatever we want within those guidelines, but I think at least what
11 the Chair was trying to do to give the Commission members was without
12 breaking the bank and not spending every dollar we had.

13 MR. ARTHUR: That used to be the policy. We'd
14 only support the first year of operating funds.

15 SENATOR WAMPLER: We're not pure on that
16 point, but to the extent we can, I try to pare it down so you have a decision
17 as to how you might be able to chew on a smaller piece.

18 MR. ARTHUR: Thank you, Mr. Chairman.

19 MR. PFOHL: When the Long Range Plan was
20 adopted there was a page of general funding policies, and as I recall, there
21 was a debate about whether start-up operating is defined as one year or two
22 years. The Commission decided not to set a one versus two-year limit. So
23 there's some burden of proof on the applicant and on the Staff to determine
24 what is the start-up operating period. Some folks have gotten into a second
25 year of funding, but when this happens we've asked to see if there is a new

1 level of services being provided for an expansion.

2 MR. ARTHUR: I picked that up on that request,
3 and I thought I'd ask.

4 MR. PFOHL: The VA Foundation for Agriculture,
5 Innovation & Rural Sustainability is back with us for a second or actually a
6 third year funding. Virginia Ornamental Plant Evaluation and Introduction
7 Program. A brand has been created by the Virginia Nursery and
8 Landscaping Association, the Beautiful Gardens brand. They're in a second
9 year, currently, of a multi-year research and testing. This is an example of
10 what they're doing in order to test plants growing in certain environments,
11 and we'll look at two or three growing seasons. They have initial funding
12 from us that they're still drawing down for the first two years of operation.
13 They're back to ask support for their third year. Under the weaning
14 philosophy, we have suggested a reduced award to help them get through the
15 third year, and then commercialization of those products for the Beautiful
16 Gardens brand.

17 MR. ARTHUR: Number 1100, I didn't hear that
18 discussion. Can you go back to that?

19 MR. PFOHL: The Foundation for Agriculture,
20 Innovation and Rural Sustainability. The docket I'm working from may not
21 be in the same order you have. That was a request by the non-profit arm of
22 the Farm Bureau Federation to assist with the design work for an expansion
23 of the Southern Piedmont Agriculture Research and Extension Center.

24 SENATOR WAMPLER: If you'll go back to Page
25 18.

1 MR. ARTHUR: I thought we were going straight
2 down the line, you're right, I've got it.

3 MR. PFOHL: West Piedmont Workforce
4 Investment Board is requesting 22,500 to fund a feasibility study and
5 determine the need and locations for Comprehensive Centers, two locations,
6 one in Martinsville and one in the Danville area. That will be either
7 renovation or new construction and provide facilities for their staff and
8 partner organizations.

9 Finally, the Joint Industrial Development Authority of Wythe
10 County is requesting \$50,000 to assist with the starting of their career
11 coaching program. This request will be for first-year funding only for a
12 third position to put the professional staff in the middle and high schools and
13 start working with children to make them aware of employment
14 opportunities that exist.

15 That concludes the list, Mr. Chairman.

16 SENATOR WAMPLER: I'll say to the Committee
17 members and those in the audience, there is an additional project that we
18 discussed and deliberated on for this presentation at the direction of the
19 Executive Committee. Some have knowledge of it, and we spoke about it at
20 the Executive Committee last week and reflected on what we're about to
21 speak on next, and that's an economic development prospect in Halifax
22 County.

23 MR. STEPHENSON: I'll present it, and we have
24 the IDA here, Mike Eades. We have some materials to distribute. The
25 materials are somewhat abbreviated and will require some commentary.

1 Members of the Committee, this item was added to your
2 Agenda mid-week last week by the Executive Committee, who asked if you
3 would consider this project. Basically, the county's largest employer in
4 Halifax County, and we're referring to this by project name, and that name is
5 Project Mentor, it proposes to expand its operation in Halifax County,
6 creating 127 new jobs. It is asking the IDA to acquire a piece of land and
7 then build a building and lease it to this company. The IDA has come to the
8 Tobacco Commission with a 33 million-dollar project being funded from a
9 number of sources to provide that building for this tenant.

10 The piece that is being asked of the Tobacco Commission is
11 \$8,000,000. Some of you who are familiar with the manner in which the
12 Southside Economic Development Committee allocates its funds know that
13 each county in Southside Virginia has a certain dollar allocation that is
14 provided to it, and this request of \$8,000,000 far exceeds that allocation.
15 The Executive Committee talked about this on a couple of occasions, and the
16 Southside Committee has talked about it, and the Executive Committee has
17 asked if your Committee would consider co-funding this request with the
18 Southside Economic Development Committee.

19 I have placed in front of you a brief matrix that might give you
20 several options for you to consider in terms of co-funding this project with
21 the Southside Economic Development Committee. Before you get too far
22 into this matrix, I think there are really two questions before this Committee.
23 The first is the merits of the project, and once you've made that hurdle, only
24 then, how would you choose to fund it. The matrix before you is really
25 designed to help you as to how you might want to fund it.

1 DELEGATE KILGORE: You said it was creating
2 127. It's also saving other jobs?

3 MR. STEPHENSON: It's reported to us that
4 Halifax County is at risk of losing this manufacturer to another locality if we
5 can't accomplish this expansion. So, yes, it'll save some jobs already there.

6 DELEGATE KILGORE: How many jobs?

7 MR. EADES: Three hundred ninety-four, as of
8 last Friday.

9 MR. STEPHENSON: That's all I have on that.

10 SENATOR WAMPLER: The Chair is going to try
11 to take a pass on trying to frame the issue. The incentive package is one that
12 will be handled through the Governor's office, and that includes the
13 Governor's Opportunity Fund and the request for TROF funding.

14 I think it's fair to say Halifax County is asking us to help them
15 with their portion of the deal, which is a considerable investment on their
16 part, for the real estate, or for the building. I have heard anything from a
17 high of 32,000,000 to something in-between for a state-of-the-art building
18 and a very high ceiling and a crane that will move equipment, that's what
19 they use for their facility or for their manufacturing. It's very capital-
20 intensive.

21 The original request to the Tobacco Commission through
22 Special Projects from Southside was \$8,000,000. We asked if they could
23 find a lesser amount that they felt might be more appropriate. That's where
24 you see, from Mr. Stephenson's comments, a total grant of \$6,000,000
25 instead of 8. Even with that, I said, I'm not sure that Special Projects will

1 bite for 6,000,000, and so this would all be subject to the Southside
2 Economic Development Committee approving.

3 One recommendation I would focus your attention on would be
4 Option 2, where Special Projects would allocate 1.9 million, then Halifax
5 would commit 4.1 million over a period of time out of their allocation. The
6 thought there is that if any county is willing to step up and spend their
7 allocations, is it appropriate for us to match it with 1.9 million dollars.
8 That's one of the larger requests that has come before us, or certainly before
9 Special Projects, and it's different. If a locality is willing to put up 4.1 of
10 their funds, I think the question is are we willing to do the 1.9.

11 DELEGATE KILGORE: I have two issues, or two
12 questions, I believe. In talking to Tom the other morning, the first issue
13 would be the 1.9 million would be from restricted funds, is that correct?

14 MR. STEPHENSON: Correct.

15 DELEGATE KILGORE: The second issue is, is
16 Halifax County agreeable to that?

17 MR. ARTHUR: Yes, sir. It has precedence for
18 this, and it's what we call in Southside spending forward. The precedence
19 for this is basically the Institute, and Halifax, already, with the Riverstone
20 project. Halifax has a million dollars of their money already committed
21 spending forward.

22 If we go with Option 2, which I'm sure they will be willing at
23 this point, this wouldn't pay out until the year 2011 and would commit all
24 future IDA projects, because they have to sign a piece of paper that says they
25 realize that their allocation is gone.

1 I think that answers your question.

2 DELEGATE KILGORE: That answers my
3 question. Thank you, Tom.

4 MR. JENKINS: Mr. Chairman, to simplify this,
5 what we're talking about really is just a loan in reality, or is it not? That's
6 what I want to know.

7 SENATOR WAMPLER: I would characterize it as
8 a grant to the IDA for the purposes of buying down the costs of this facility.
9 The risk that the county IDA assumes, will the Commission continue to
10 operate and continue to honor that commitment? Would MSA payments
11 continue to be made for that period of time? That's no different than what
12 we've done in Danville and other places in terms of trying to stretch the
13 payments out over a period of time, so I don't see it as a loan. At the end of
14 the day, the worst case is that there's a facility. If there is a performance
15 agreement with the Governor's office, and they hammer that out, and for
16 whatever reason the company doesn't meet that performance agreement, the
17 worst case is that Halifax County has a piece of real estate, a building that
18 they would then have to market. I think that's a fair statement, as I see it.

19 Madam Secretary.

20 SECRETARY WAGNER: In reading this, the
21 IDA, if they get stuck with a building, and that building manufacturer pulls
22 out, will they be stuck with an empty shell, or will they be able to use this
23 for other purposes? How does Halifax get comfortable, how does the
24 Commission get comfortable, the IDA, actually, that the company is going to
25 stay in the building and operating as they say?

1 SENATOR WAMPLER: Madam Secretary, I
2 know there is a Deputy Secretary of Trade and Commerce sitting in the front
3 row. On the back of the envelope, that's where I say the performance
4 agreement will be signed, and it will be, that's all going to be signed, and it
5 would be emphasized over a, there's just quite a bit of emphasis on the
6 agreement that will be signed, or the performance agreement, and it must be
7 signed for a long period of time that would actually be consistent with the
8 financing portion of the building. If I were to pull something out of the air
9 I'd say it's ten years, but if the manufacturer did not adhere to the ten-year
10 agreement, then whatever incentives the Governor's Office used from TROF,
11 the Governor's Opportunity Fund, would be in default. This worst case is
12 that we would still have a building, actually a state-of-the-art manufacturing
13 building we'd have to market very aggressively.

14 Does that answer your question?

15 SECRETARY WAGNER: Sort of. My
16 understanding is that the amount of money that's going to come to the
17 Governor's Opportunity Fund would be less than the amount that Halifax
18 would be putting in, so where's the rest?

19 SENATOR WAMPLER: I suspect there'll be all
20 kinds of attachments and liens that would be affixed thereto. Is that correct,
21 Deputy Secretary?

22 DEPUTY SECRETARY SIGER: Yes, if we use
23 the Governor's Opportunity Fund to close, and there's a performance
24 agreement executed between the Virginia Economic Development
25 Partnership and the company. In this particular case, I won't disclose the

1 specific amounts, but I believe this amount is substantially smaller than the
2 amount you're talking about.

3 The question for the Commission would be that the Governor's
4 Opportunity Fund grants and Tobacco Region Opportunity Fund grants are
5 able to clawback money, should the company not hold up its end of the
6 bargain. Under the current structure of what I see here, I'm not sure the
7 extent to which that performance agreement would apply to these funds.

8 SENATOR WAMPLER: Madam Secretary, I'll try
9 to put it in perspective, as I've seen it, and I know you've seen it since you
10 served as Treasurer. This Commission many times has made strategic
11 investments on raw land. Greenfield Industrial Park didn't have any tenants
12 like we have here, and this is the county's major employer who is asking the
13 county's IDA to help leverage the 32 million dollars for the facility. They're
14 asking us to be a joint venture with some \$6,000,000 from the Tobacco
15 Commission.

16 I think it gets a little complicated when you try to look at the
17 dollars we spend on a number of jobs created or preserved but rather look at
18 what the Commission has done in trying to develop infrastructure facilities.
19 These are jobs that will be produced in the short-term as compared to long-
20 term.

21 That's not a perfect answer, but it's the best I can do at this time,
22 and I'm trying to rationalize.

23 MR. STEPHENSON: The Commission's TROF
24 fund is not involved.

25 DELEGATE DUDLEY: And it'll be paid off

1 when?

2 MR. STEPHENSON: The suggestion that was
3 made to me by some members of the Southside Economic Development
4 Committee was that Halifax typically gets an allocation, as shown here, of
5 about a million nine, a million of which is already committed, so that leaves
6 them with 900,000 a year, and that we would claim 600 of that 900 to
7 amortize or defray this grant, leaving them the other 300 each year. We
8 would be making a grant today to Halifax in advance of their anticipated
9 allocation for years to come. If we made this grant and the Commission
10 disappeared, Halifax has the grant. They don't owe any money back. The
11 grant is gone.

12 MR. JENKINS: That was what I was looking at. I
13 see it as sort of a loan; people forget loans a couple of years later. How
14 would we address that up-front? The money that would go out, if it stayed
15 with the Commission, whether it comes from Special Projects or someone
16 else, it would stay in the pot, in other words.

17 MR. STEPHENSON: I think there's a little
18 confusion about how this works. This is kind of like getting an advance on
19 your allowance from your dad. We're going to put the money out, all
20 6,000,000 of it today, and we will then deny Halifax its normal annual
21 allocation every year going forward until it has recovered this amount of
22 money. Halifax never owes the Commission this money back, it's a pure
23 grant.

24 MR. JENKINS: As a practical application, it's
25 similar to a loan, foregoing future payments in return for something up front.

1 MR. STEPHENSON: There is no liability, they're
2 willing to forego anticipated future payments, which may or may not occur,
3 it's not guaranteed. They have been in place since the Commission started
4 five or six years ago.

5 DELEGATE KILGORE: What do we need to do
6 today with this?

7 SENATOR WAMPLER: Judging from the interest
8 in, obviously, we have to take this to the full Commission for approval, but
9 the critical part, in my mind, is the contribution on the part of the Southside
10 Economic Development Committee. If we approve today an amount up to
11 1.9 million, it's still contingent upon Southside approving the distribution of
12 the 4.1 million dollars.

13 DELEGATE KILGORE: We don't have to address
14 that issue today.

15 SENATOR WAMPLER: The only thing at the
16 appropriate time when we start making motions, all we would be asking this
17 Committee to commit would be an amount up to 1.9 million.

18 DELEGATE KILGORE: Subject to the approval
19 of the Southside?

20 SENATOR WAMPLER: Yes, and the performance
21 agreements and the rest of that. That's kind of where we are on the issue,
22 and I hope I haven't muddied the waters.

23 MR. ARTHUR: That is it, substantially.

24 DELEGATE DUDLEY: The proposed 4.1 million
25 dollars from Southside Economic Development Committee could be

1 recaptured over a period of years from not advancing their allocation?

2 MR. ARTHUR: Over five years, until 2011,
3 assuming everything stays the same.

4 DELEGATE DUDLEY: The 1.9 would not be
5 recaptured?

6 SENATOR WAMPLER: That's right. I hope we
7 don't have another addition to the Agenda.

8 MR. PFOHL: That's right.

9 SENATOR WAMPLER: If there are no other
10 questions on that presentation, then I appreciate the Committee's patience on
11 that, and hopefully everybody understands that.

12 Delegate Kilgore normally suggests that we go back to the
13 matrix that the Staff gave us, and we would go off the Staff
14 recommendations. I'll remind the Committee we operate on a motion,
15 assuming the matrix there, and if we look at the Staff recommendations for
16 restricted and unrestricted use and, Tim, slow us down if we need to deviate,
17 or if there's one of these we said we needed two separate motions.

18 Delegate Kilgore.

19 DELEGATE KILGORE: We would need to
20 reduce some of the Staff's recommendations if we're so inclined at some
21 later point to fund the 1.9.

22 SENATOR WAMPLER: The question before the
23 Committee is, with the Staff's recommendations we would still have
24 something of a cash balance. At this point as Chair, I'd say it's my duty to
25 say that we don't know when we'll be capitalized again, nor do we know

1 what budget will be adopted, come Thursday, before the full Commission.
2 As we have done in every other meeting, we'll caution you not to spend it
3 down to a zero balance, there should be somewhat of a cushion.

4 DELEGATE KILGORE: You're cautioning us not
5 to spend it down to a zero balance.

6 SENATOR WAMPLER: Yes, I thought that's what
7 I said. So let's go ahead and start with the Staff's recommendations and see
8 where we go.

9 The first recommendation is the Town of Abingdon, \$150,000.
10 Let's go down these, and then if there's an objection or a comment on a
11 particular item, we'll slow down and go over it that way. Hopefully, we'd
12 take up all of the recommendations in a block.

13 Town of Abingdon, \$150,000 for restricted use.

14 Next would be Amelia County for \$165,313.

15 Next is the Blue Ridge Foundation for \$300,000 out of
16 restricted dollars.

17 Then we drop down to the Dental Hygiene Careers, \$225,000.
18 This is one item I think there needs to be discussion. Do we want to try to
19 transfer that to the Education Sub-Committee?

20 Delegate Dudley.

21 DELEGATE DUDLEY: I'd like to have more
22 information on that. I'd like to not see it in the block.

23 SENATOR WAMPLER: Do you want to do it
24 now or take it up later?

25 DELEGATE KILGORE: We might as well do it

1 now.

2 SENATOR WAMPLER: Take another pass on the
3 Dental Hygiene Careers, Tim.

4 MR. PFOHL: This would establish for the first
5 time a Dental Hygiene Associates Degree program at the E. C. Glass High
6 School in Lynchburg, and this is in CVCC's service area. Admittedly, it has
7 folks coming in from regions outside of the Tobacco Commission. It'll
8 service Bedford and Campbell Counties.

9 SENATOR WAMPLER: Immediate openings for
10 what, Tim?

11 MR. PFOHL: I believe it's in the ballpark of
12 \$48,000 salary for a dental hygienist. The applicant provided us with some
13 survey data of job availabilities in their service area which indicated there
14 are a substantial number of openings for these positions.

15 DELEGATE KILGORE: This sounds like a great
16 program, but I would prefer the Education Committee look at this and the
17 fact that the budget is coming up. I know they're going to have some money
18 in there next year to deal with issues such as this. I'll make a motion this be
19 moved over the Education and let them look at it.

20 MR. ARTHUR: Second.

21 SENATOR WAMPLER: It's been moved and
22 seconded, is there a discussion on making a recommendation to transfer this
23 to the Education Sub-Committee? Any further discussion? Hearing none,
24 all in favor signify by saying aye? (Ayes.) Opposed, no? (No response.)
25 The ayes have it, and it will be referred to the Education Sub-Committee.

1 Tim, is your next item the Crooked Road?

2 MR. PFOHL: The Corporation for Jefferson's
3 Poplar Forest, unrestricted, \$300,000.

4 DELEGATE KILGORE: Why is that unrestricted,
5 Mr. Chairman?

6 MR. PFOHL: That's debt retirement, and it
7 actually, it's title to the land. If they were acquiring the land it would be
8 eligible for restricted, but because it's debt retirement bond counsel was
9 involved in it.

10 MS. HAMLETT: Yes, that's right.

11 DELEGATE DUDLEY: Mr. Chairman, will this
12 go hand-in-hand with the, we're making a conditional approval subject to
13 raising that money will meet the challenge grant?

14 SENATOR WAMPLER: That's correct.

15 MR. PFOHL: If you wanted to attach a condition
16 that the funds will be available when they have successfully completed the
17 match, that probably needs to be specified.

18 DELEGATE DUDLEY: But for purposes of the
19 application it meets the requirements?

20 MR. PFOHL: I think the intent of the application
21 is to reach the \$500,000 required to obtain the matching grant. Arguably,
22 that should be specified so it's not offered purely as a grant for the cost of
23 getting that land but it is specifically to match the challenge grant. If you
24 want to clarify it, the funds become available when the entire \$500,000 has
25 been raised, that needs to be specified.

1 SENATOR WAMPLER: Delegate Dudley is
2 going to make a motion, the 300,000 from unrestricted funds be drawn down
3 after the applicant demonstrates that they have raised the amount of dollars,
4 the \$500,000, which is what I think accomplishes the same.

5 MR. PFOHL: The request is 649, almost 650, and
6 that would be to do away with 2.4 million debt from the acquisition. That's
7 the gap between what they've raised so far, the challenge grant they have a
8 commitment for and 2.4 million total cost.

9 DELEGATE DUDLEY: If we approve the
10 300,000 of the 649, they need to raise an additional 349 to match the five
11 and pay the whole thing off?

12 MR. PFOHL: I think they need to raise up to 500
13 to get the challenge grant. The other 149 would then entirely do away with
14 the bank loan.

15 SENATOR WAMPLER: Let's do this so we
16 understand exactly what we're doing.

17 MS. BEEBE: We have to raise the full 649,000 by
18 December in order to get the 500,000 from the Foundation. It's not a total
19 dollar-for-dollar match. It's a capped challenge grant.

20 SENATOR WAMPLER: Is it appropriate to say
21 we would allocate and make available our 300,000 once their matching grant
22 is accomplished? Are you comfortable with that?

23 MR. PFOHL: I think it would be helpful to make
24 that a part of the motion.

25 SENATOR WAMPLER: Is the motion

1 understood? I think it's part of the record now. Any other questions or
2 comments or concerns, concerning Poplar Forest? All right.

3 Crater Regional Partnership, \$75,000 of unrestricted funds.
4 The Crooked Road, \$75,000, restricted, and \$400,000 from
5 unrestricted.

6 The next item I have is Franklin County.

7 MR. ARTHUR: Mr. Chairman, I'd like to back up
8 to the City of Danville. Here we have a similar situation as we do in
9 Halifax. Allocations are insufficient, but the requirement to solve the EPA
10 problems, continue the revitalization of the tobacco warehouse district, it's
11 essential we take another look at this. We've got a means here to pay for
12 this. Danville is willing to commit some funds forward the same way that
13 Halifax would have to do if we can give them some help here, too.

14 SENATOR WAMPLER: Do you know what that
15 dollar amount is for Danville?

16 MR. ARTHUR: I know what they want.

17 SENATOR WAMPLER: What is it?

18 MR. ARTHUR: Four hundred thousand, if
19 possible. Otherwise, we'll phase the project in over a long period of time.
20 I'd ask you consider that.

21 SENATOR WAMPLER: Does the project cost
22 640,000?

23 MR. ARTHUR: Total project cost is 1.2 million.
24 We've got some government funds from Representative Goode, and we're
25 committing this year's Economic Development fund, 181,000. We're down

1 to a total project cost of 640,000 that we need to complete the project. If we
2 can get some from here, we'll commit them spending forward the balance,
3 like Halifax.

4 DELEGATE KILGORE: Restricted or
5 unrestricted?

6 MR. ARTHUR: I don't know.

7 MR. PFOHL: That could come from restricted.

8 MR. ARTHUR: Mr. Lacy is here to answer any
9 particular questions, from the City, City Manager.

10 SENATOR WAMPLER: Mr. Arthur's proposed
11 400,000. Does anyone want to do more or less, 200,000, and see what we
12 can come up with between now and Thursday? All right, it's been moved
13 and seconded that we recommend \$400,000 to help buy down the costs of
14 facility improvements. Any further discussion? Hearing none, all in favor
15 of recommending 400,000 of restricted funds, subject to Southside --

16 DELEGATE KILGORE: -- Subject to you all --

17 MR. ARTHUR: -- Same as Halifax.

18 SENATOR WAMPLER: Does everyone
19 understand the clarification of Delegate Kilgore's amendment? All in favor
20 signify by saying aye? (Ayes.) Opposed, no? (No response.) The ayes
21 have it.

22 The next Staff recommendation is Franklin County, \$30,000.
23 Delegate Dudley suggested he'd like to see it closer to 60,000.

24 DELEGATE DUDLEY: That's correct, Mr.
25 Chairman. I've not had more interest in a project than this one that I can

1 recall. I'd like to make a motion that we revise that request to the 60.

2 SENATOR WAMPLER: Is there any way we can
3 find 60, the restricted can fund the 60?

4 MR. PFOHL: I believe at least half of that 60
5 could come from restricted, in that it is architectural engineering. It would
6 have to be subject to --

7 SENATOR WAMPLER: -- If the Committee
8 would allow me to recommend changing that, 30,000 from restricted and
9 30,000 from unrestricted, and subject to the review of bond counsel. Any
10 questions on that? You made the motion, Delegate Dudley, and Delegate
11 Kilgore seconded that, so we'd add the 30,000, 30 restricted and 30
12 unrestricted. Any questions or comments? All in favor signify by saying
13 aye? (Ayes.) Opposed, no? (No response.)

14 Next we go to the Future of the Piedmont, VIPER Project,
15 710,500 from restricted, 652,000 of unrestricted. Any questions?

16 MR. ARTHUR: Move to accept.

17 SENATOR WAMPLER: You don't need to, we'll
18 do it in a block.

19 Next is the Halifax County Department of Tourism, \$150,000
20 from unrestricted. Any questions or comments?

21 Next we have the Hampton Roads Maritime Association,
22 400,000 unrestricted and 120 from restricted. Let's discuss this one. What is
23 the pleasure of the Committee? This is the one that would potentially create
24 new truck drivers and their training.

25 Delegate Dudley.

1 DELEGATE DUDLEY: I think we have a
2 program in place that Virginia State funded at this point through one of the
3 military installations. I'm not sure what this is doing to complement that, or
4 if this is in competition, or whatever.

5 MR. PFOHL: The people that operate that
6 program in Blackstone can speak to that, but the essence of the request is to
7 make improvements to the existing truck range, because right now they can
8 only offer daytime classes. They'd like to have lights installed to have
9 evening classes.

10 DELEGATE DUDLEY: Don't trucks have lights
11 on them?

12 MR. PFOHL: You're getting into a level of
13 training that I need to defer to. The instructors themselves are here.

14 MR. JENKINS: This is located at the former Fort
15 Pickett grounds, it's no longer associated with anything with the military.
16 This is completely, this is a community college Blackstone and Nottoway.
17 It's located at Camp Pickett, which is the National Guard, the facility part of
18 it. I think they've got 100,000 acres that was donated.

19 DELEGATE DUDLEY: Mr. Chairman, I'd just say
20 that we have referred a very similar request, in my mind, the dental hygienist
21 career, I believe, to the Education Committee. I don't know what they do
22 different with truck drivers than they do with any others. I think that's
23 funded through the Education portion. I would think this would be
24 something that could be looked at by the Education Committee.

25 SECRETARY WAGNER: It's not adequately

1 funded right now. I understand there's a significant shortage of truck drivers,
2 which is, it's the ability to get things to and from the warehouses, and that's
3 what they're trying to develop in Southside and Southwest. Unless we can
4 solve this truck driver shortage, it will have an impact. That affects the ports
5 in Portsmouth and Norfolk and the inland ports, like in Chester, and we have
6 to have the ability to move these goods. All that would help encourage
7 employment. I'm not sure why there is such a shortage, but it's a significant
8 problem, as I understand it.

9 DELEGATE KILGORE: What would happen if
10 we cut it back, or a reduced amount? What if we sent it back?

11 MR. PFOHL: I think one of the key pieces here is
12 the physical improvements that would be necessary in order to be able to
13 offer additional classes, especially at night, in Blackstone. That would
14 initially help people to have these classes at night and could get more drivers
15 on the road, with day and night classes. But the request to improve the
16 physical facilities, deal with construction, and then there's a need to get
17 instructors. If you only fund capital, those courses require instructors.

18 DELEGATE KILGORE: If you keep the 120 on
19 the restricted, what about cutting down the unrestricted?

20 MR. PFOHL: We talked to the applicant about
21 paring down to get to the recommended amount, but as you start to cut back
22 here, I would suggest you have critical instructor expenses. We don't want
23 to build a facility and no money for instructors. There are expenses for the
24 coordinator position, too.

25 DELEGATE KILGORE: But for the capital costs,

1 then throw out maybe 200 for the unrestricted, whether you're looking at
2 salaries and things like that.

3 SENATOR WAMPLER: Are you making that in
4 the form of a motion?

5 DELEGATE KILGORE: Yes.

6 SENATOR WAMPLER: Is there a second to the
7 motion? All right, there is a motion, and it's been seconded. Yes, sir.

8 MR. MOYE: My name is Art Moye, and I'm with
9 Hampton Roads Maritime Association. I'd just like to point out that we have
10 identified already, as of 2006, 400 opportunities for employment for
11 Southside and Southwest Virginia immediately for truck drivers. The
12 funding we're asking for is to help provide those training facilities and get
13 that moving, get that in place, because if we don't, we're going to have a real
14 problem moving from various ports, or from ports in Virginia, throughout
15 the Commonwealth.

16 The distribution centers that we have, we have to have them
17 throughout the Commonwealth to move this cargo, and we're not going to
18 have the capability to move these goods away from the ports and bring
19 things back to the ports if we don't have these truck drivers. We see this as
20 an opportunity right now for 400 people to be employed. We're anticipating
21 that cargo in the Hampton Roads area will be doubling within ten years.

22 SENATOR WAMPLER: I think we understand the
23 issue pretty well, but the question before the Committee is, with limited
24 dollars, how do we best accomplish all of the 40 applicants that we have,
25 because we don't or can't do 100 percent of what you ask for, or 50 or 33 or

1 25 percent, it's just a function of mathematics, trying to do the best we can
2 with what we've got.

3 DELEGATE KILGORE: Mr. Chairman, I'd make
4 a motion, there's some money there to help out, but what I would say is that
5 if the money was there, and there is nothing prohibiting you from coming
6 back and telling us a great story.

7 SENATOR WAMPLER: Even if we're able to
8 attract 15 new CDL applicants. So, the motion before us, then, is to
9 recommend approval of \$200,000 unrestricted and 120,000 restricted. Is
10 there any objection to that? Hearing none, that's what we'll recommend.

11 The next item is Lake Country Development Corporation,
12 \$47,100.

13 Next is LENOWISCO Planning District Commission. Staff
14 recommends \$135,000 from unrestricted.

15 DELEGATE KILGORE: This is a good
16 opportunity. I found this particular show on TV, and they did a good job on
17 that. I think this will be an opportunity, or can be an opportunity, to take this
18 nationwide.

19 MR. ARTHUR: Mr. Chairman, this bluegrass
20 program is a great program, and I've watched it several times. Whatever
21 support we can give, it will be good for the area.

22 SENATOR WAMPLER: There's a motion then to
23 recommend adjusting the Staff recommendation in the amount of \$125,000,
24 and Mr. Arthur seconded that. It's been moved and seconded that we
25 recommend \$125,000 for unrestricted funds for this item. All in favor

1 signify by saying aye? (Ayes.) Opposed, no? (No response.)

2 Next is 42,500 for the Martinsville/Henry County Chamber of
3 Commerce.

4 Next will be the Mount Rogers Planning District Commission.
5 That's concerning the loan funds program, 250,000 unrestricted.

6 The next one is Mountain Empire Older Citizens.

7 DELEGATE KILGORE: I was going to see if we
8 could get some here, and then we'll work with Southwest Economic
9 Development and hopefully try to get some funding there. This is a good
10 program, and I think there's some opportunity to create some jobs. If we
11 could do half, maybe.

12 SENATOR WAMPLER: It's your
13 recommendation, then, that roughly 65,000 from Special Projects and 65,000
14 from Southwest? Contingent upon Southwest approving that, that would be
15 out of what?

16 MR. PFOHL: There is some architectural design
17 work, and conceivably we could use restricted funds.

18 SENATOR WAMPLER: If the Committee would
19 allow us, then, we'd recommend using a maximum amount from restricted
20 funds that are eligible, with the remaining balance out of unrestricted funds.
21 Is that acceptable to the Committee?

22 DELEGATE KILGORE: I'll make that motion.

23 SENATOR WAMPLER: Delegate Kilgore has
24 made the motion, is there a second to the motion?

25 MR. ARTHUR: I'll second it.

1 SENATOR WAMPLER: It's been moved and
2 seconded, all in favor of adoption of that motion signify by saying aye?
3 (Ayes.) Opposed, no? (No response.) The ayes have it.

4 The next one is Old Dominion University for purposes of
5 building two new buildings, one for Southside and one in Southwest. The
6 question was whether to send it to the Education Sub-Committee or Special
7 Projects. What's the pleasure of the Committee?

8 DELEGATE KILGORE: I think we should send it
9 over to Education, but I don't want to ruffle anybody's feathers. It's here,
10 and it should be, I believe it should go to Education. There should be some
11 money there.

12 SENATOR WAMPLER: It's been moved and
13 seconded this should be transferred to Education. Any discussion? The
14 Chair will observe, should this motion pass, this is one we have to brief the
15 Executive Committee on transferring dollars into Education so it'll have a
16 chance of being heard on its merits, and it shouldn't be overshadowed by all
17 the other requests.

18 So the motion is to recommend to transfer this project to the
19 Education Committee. Is there any further discussion? All in favor of the
20 motion signify by saying aye? (Ayes.) Opposed, no? (No response.) The
21 ayes have it, and it will be deferred.

22 The next one is Roanoke River Trails, \$100,000, and that's out
23 of unrestricted funds dollars. Without objection, Roanoke River Trails.

24 We'll move to the next two items, which is Scott County
25 Economic Development Authority - Scott County Schools, and without

1 objection that will be transferred to Southwest.

2 The next is the Southside Business Technology Center, 75,000.

3 Then we have the recommendation from Staff on the next one.

4 Southside Planning District Commission - Regional Workforce
5 Development Initiative.

6 The next item is the University of Virginia's College at Wise
7 Foundation, \$550,000 to support infrastructure renovation for regional
8 prosperity, and that's out of restricted dollars.

9 The next recommendation is Virginia Museum of Natural
10 History Foundation, \$350,000 out of restricted dollars.

11 The next one is Virginia Tech Foundation - Bio-based Energy
12 and Products Research and Development Center, and that recommendation
13 is zero. There has been considerable discussion among the Committee to
14 fund the first year operations. I believe you said that was 1.2 million?

15 MR. PFOHL: The Staff requested that the
16 applicant provide a breakout of the first year versus the second year funding.
17 The first year funding is just under 1.2 million. There are capital
18 components and operating components to that.

19 SENATOR WAMPLER: Let's see if the
20 Committee would agree with this. If there's a motion to approve an amount
21 up to 1.2 million and the Staff can determine what can be allocated to
22 restricted and unrestricted, I think that would accomplish what we're trying
23 to do .

24 MR. ARTHUR: I'll make that motion.

25 SENATOR WAMPLER: It's been moved and

1 seconded an amount up to 1.2 million, and Staff can determine the
2 distribution between restricted and unrestricted. Any question on the
3 motion? Without further discussion, all in favor of adopting that motion say
4 aye? (Ayes.) Opposed, no? (No response.) The ayes have it, and that is
5 adopted.

6 The next is Virginia Foundation for Agriculture, Innovation &
7 Rural Sustainability, \$200,000 recommendation from restricted funds.

8 MR. JENKINS: Mr. Chairman, I'd like to ask a
9 question of Tim. How did you arrive at the \$200,000, or Staff arrive at it?

10 MR. PFOHL: It's admittedly somewhat arbitrary
11 to get that down in a ball park that we felt was a reasonable amount of
12 design money, based on some past awards, and given the position of the
13 organization, with some revenues which they haven't had. Admittedly, they
14 have laid out some other purposes for some of this timber sale revenues that
15 they have had. We felt this would be more of a cost share solution that could
16 be considered with some other design awards that we made for facilities.

17 MR. JENKINS: A follow-up question. This is
18 Phase 1, and if it's Phase 2, how would you handle that, based upon today's
19 thinking? Would the Committee and Staff be open to funding Phase 2?

20 SENATOR WAMPLER: The Chair will try to
21 answer that. It's an open application process, and not knowing what the
22 scope of Phase 2 is, either in terms of what they want to accomplish or the
23 amount of funds requested, I think putting 200,000 on this project today is a
24 pretty good sign of goodwill and effort.

25 MR. JENKINS: I would agree with your

1 statement, but what I'm getting at is that we voted to put 400,000 to cover up
2 a junkyard, and we voted for a whole lot of things. This is something that is
3 big and important, and that large area of Southside Virginia, 200,000 seems
4 to be small, but if that's all you can get, that's all you can get. Can't blame
5 somebody for trying. In comparison to some of the other projects, it seems
6 to me a little low.

7 SENATOR WAMPLER: This is for the A and E
8 work, is it not? This doesn't go to the actual construction of the facility?

9 MR. PFOHL: There's a limited amount of site
10 prep dollars. It's predominately A and E work.

11 SENATOR WAMPLER: What's the pleasure of
12 the Committee?

13 MR. JENKINS: I'd make a motion that we raise
14 that at least to 300,000.

15 SENATOR WAMPLER: There's a motion before
16 us that this be raised. Raise the recommended award to 300,000 of restricted
17 funds to begin the A and E work, A and E design.

18 MR. ARTHUR: That would give us what, Mr.
19 Chairman?

20 MR. PFOHL: It will get us design work for the
21 new laboratory and common areas added on to the existing Research Center,
22 a new lab and facilities for them to conduct research. This is in Blackstone.

23 MR. JENKINS: Mr. Chairman, the supervisor of
24 the Research Station is present, Dr. Wilkinson.

25 DR. WILKINSON: I'm Carol Wilkinson. I'm the

1 Director of the Southern Piedmont Agriculture Research and Extension
2 Center. We were in a position where the laboratory could be constructed in
3 the mid-80's. We've needed some new equipment to be very effective.
4 We've had some opportunities with industry to try to move forward, but we
5 haven't been able to take advantage of some modern technologies. We've
6 talked to architects and engineering people, and we have an estimate of
7 around 400,000 of A and E work because of the specialty of the laboratories,
8 and with the type of work we do, this is what we need.

9 SENATOR WAMPLER: Thank you very much.
10 We're at a place where we have a motion, and it's seconded, to increase the
11 amount of restricted dollars to 300,000 for this applicant for purposes of
12 continuing the A and E design. Without further discussion, the
13 recommendation and motion made is to increase this amount to 300,000, all
14 in favor signify by saying aye? (Ayes.) Opposed, no?

15 DELEGATE DUDLEY: No.

16 SENATOR WAMPLER: They ayes have it, record
17 a no vote. That motion carries.

18 Next is the horticulture research for the Virginia Ornamental Plant
19 Evaluation and Introduction Program, \$100,000 of unrestricted.

20 DR. CONEV: My name is Dr. Rumen Conev,
21 Virginia Plant Introduction Program. Our application calls for \$227,000.
22 We went back and tried to look at our budget for every dollar. One of the
23 major priorities in this type of grant is development of new enterprises in
24 Southside Virginia. The proposal of \$100,000, we will not be able to fulfill
25 part of the third year, conduct our research for this program. I'd like to note

1 that an additional \$45,000 gives us an opportunity to fulfill a part of the
2 project and able to enter in 2008, which is the first year for getting the
3 remainder of the program going. I would like you to consider 145,000.

4 SENATOR WAMPLER: Tim, why didn't you pick that up?
5 Why didn't you know that? I think the gentleman says 145,000 is what he
6 needs to get commercialization of what you've done to date. We tell people
7 sometimes to pare back. What's the pleasure of the Committee on this
8 particular item?

9 MR. ARTHUR: I would move to increase it to 145,000.

10 MR. JENKINS: I'll second it.

11 SENATOR WAMPLER: It's been moved and seconded that the
12 amount be increased to 145,000, that's from unrestricted dollars. Any further
13 discussion on the motion? All in favor of that motion, changing it to
14 145,000, say aye? (Ayes.) Opposed, no? (No response.) The ayes have it.
15 That's it for the rest of the spreadsheet, other than Halifax.
16 All right, we now have the block before us.

17 DELEGATE KILGORE: If you plug in the 1.9 for Halifax,
18 what does that leave us?

19 SENATOR WAMPLER: We now have the block before us, any
20 comments from the Committee members?

21 DELEGATE KILGORE: Did we ever adopt the requirement on
22 the Halifax motion?

23 SENATOR WAMPLER: Southside is matching it with 4.1
24 million. Mr. Arthur, you'll be the one carrying that for Southside. It is
25 understood Special Projects will allocate 1.9 million, and would Southside

1 be willing to stretch its commitment spending forward 4.1 million? All
2 right. Any questions? Do you need time to look over the block, or do you
3 have any other questions or any revisions or any other modifications?

4 DELEGATE KILGORE: I'll make a motion that we approve
5 the block.

6 DELEGATE DUDLEY: Second.

7 SENATOR WAMPLER: It's been moved and seconded that the
8 recommendations presented by Staff as allocated and annotated be adopted.
9 Before we vote on that, because the Chair tried this at a couple of meetings,
10 and I want everybody to understand. It's a difficult job to stay here and
11 decide who receives what at this particular round of funding. Many of the
12 applicants are not new to us. Many of the applicants who did not receive
13 funding today have received funding, and more than likely will receive
14 funding in the future. These are priorities we've had today in trying to
15 operate within that existing budget.

16 Ned, it's your anticipation to have 1 November as the deadline
17 for the next applications, at which time we'll know how many additional
18 dollars we will have to spend on regional projects.

19 MR. STEPHENSON: Yes, sir.

20 SENATOR WAMPLER: Is the Committee ready to vote? All
21 in favor of adopting the recommendation signify by saying aye? (Ayes.)
22 Opposed, no? (No response.) The ayes have it. Those are adopted.
23 Now, we go to the balance of the Agenda.

24 MR. STEPHENSON: If I may, Mr. Chairman, I would like for
25 the grantees who are being recommended to the Commission for approval

1 next week, I need for you to know that for approval of the Commission
2 meeting you will have to be subject to a legal opinion, which we do not now
3 have.

4 Sarah Griffith, would you please stand? Sarah Griffith has a
5 package of information for those of you who are being recommended today.
6 We strongly urge you to pick up that packet, and it will give you instructions
7 for getting that legal opinion in hand as rapidly as possible, so as not to
8 delay your project. If you'd stop by Sarah's desk and get that packet, I think
9 it will help you with your legal opinion.

10 Next meeting date, Mr. Chairman, is for a meeting on January
11 4th, in which your November 1 deadline grant will be taken up. We talked
12 about the need for a policy development session to reconcile some
13 discrepancies in our policy, and Staff is recommending on or about the
14 middle of July, specifically the 20th, if that will work.

15 SENATOR WAMPLER: The policy that I think the Director
16 asked us to contemplate is how we define regional projects. There was great
17 discussion, and I believe rightfully so, that some of the localities are small in
18 population, and some of the projects they may offer do not meet the
19 guidelines we have established today in Special Projects. I believe it was the
20 thinking we would keep the existing guidelines and say that is our
21 preference on how we would examine the applications. I was not in a
22 position to bring proposed revisions to guidelines concerning the regional
23 projects, but I think it's very important to know on the November
24 submissions that perhaps those will be a little bit different.

25 Now there always comes a time in a meeting where we ask for

1 public comment. I'll observe we have another meeting here very shortly.
2 Are there any members of the audience that wish to be heard under the
3 category of public comment?

4 MR. RANDY: Mr. Chairman, I've been asked by Brunswick
5 County to withdraw their application.

6 SENATOR WAMPLER: Inasmuch as no action was taken on
7 that particular application, we understand that, and that will be withdrawn
8 from the block without objection and without prejudice. Thank you.
9 Anyone else wish to be heard before the Committee at this point? Is there
10 any other business before the Committee?
11 All right, then, thank you all for coming, and we're adjourned.

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13 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Special Projects Committee Meeting when held on Monday, April 24, 2006 at 11:00 a.m. at the Southwest Virginia Higher Education Center, Abingdon, Virginia.**

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this ____ day of _____, 2006.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2006.

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